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FILE NO: 59303.000003

November 14, 2001

PUBLIC VERSION

VIA ELECTRONIC MAIL

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Re: Section 201 Investigation -- Carbon and Alloy Flat Products - Slab

Dear Ambassador Zoellick:

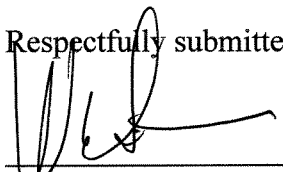
On behalf of American Iron & Alloys Corporation ("American") a producer of certain gray and ductile iron products, we hereby submit the attached exclusion request brief in the above-referenced investigation. An extension to the filing deadline through the close of business today was granted by Andrew Stephens in a telephone discussion with Richard E. Janes of American yesterday morning.

In accordance with 15 C.F.R. § 2003.6, we request confidential treatment of information contained in brackets on certain pages and exhibits. Disclosure of this information, which contains business proprietary information of American, would cause substantial harm to American. Specifically, the bracketed information concerns internal American accounting data

which we have ranged as requested, as well as proprietary detailed product specifications. Public summaries of the specifications for each product are contained in the text of the brief.

Please contact the undersigned if you have any questions regarding this matter.

Respectfully submitted,



William Silverman
Richard P. Ferrin
James R. Simoes
Hunton & Williams
Counsel to American Iron & Alloys Corporation

Attachments

BEFORE THE
UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C.

PUBLIC VERSION

CERTAIN STEEL PRODUCTS	)	**U.S. Inv. No. 201-73 (Remedy Phase)**
Carbon and Alloy Flat Products - Slab	)	

REQUEST FOR EXCLUSION OF AMERICAN IRON & ALLOYS CORPORATION

William Silverman
Richard P. Ferrin
James R. Simoes
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Washington, D.C. 20006
Counsel to American Iron & Alloys Corporation

November 14, 2001

I. The Iron Products Imported By American Should Be Excluded From Relief Because, Regardless of The HTS Classification of Such Products, The Products Are Not Steel Products. These Products Could Easily Be Excluded Without Excluding Any Steel Products.[1]

American Iron & Alloys Corporation ("American") imports Versa-Bar, a gray and ductile iron, from its parent company, Tupy Fundicoes, Ltd. in Brazil. As a semi-finished iron containing more than .25 percent of carbon, Versa-Bar enters the United States under HTS code 7207.20.00. Specifically, the Versa-Bar products subject to this Request for Exclusion are of a square and rectangular cross-section, and enter the United States under HTS number 7207.20.0045.[2] Products classified under the HTS number 7207.20.0045 are subject to this investigation as "Carbon and Alloy Flat Products."[3] While classified under HTS number 7207.20.0045, Versa-Bar products are *iron*, as opposed to steel. There are distinct chemical differences between Versa-Bar and steel products. In short, Versa-Bar bears no resemblance whatsoever to the semi-finished carbon and alloy steel flat products investigated by the International Trade Commission in this investigation. Accordingly, Versa-Bar should be excluded from relief. The exclusion sought by Versa-Bar would not exclude any steel products from relief.

Product Designation and Description

Versa-Bar is a continuous cast gray and ductile iron with a carbon content ranging from 2.9 percent to 3.7 percent.[4] It enters the United States under HTS number 7207.20.0045.

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[1] Introductory notes to Chapter 72 of the Harmonized Tariff Schedule define steel as "{f}errous materials other than those of heading 7203 which (with the exception of certain types produced in the form of castings) are usefully malleable and which contain by weight 2 percent or less of carbon." Versa-Bar is not usefully malleable and contains at least 2.9 percent carbon. Accordingly, it is the position of American that Versa-Bar is not "steel," and, therefore, not subject to the instant investigation. Out of abundance of caution, however, American is filing this Request For Exclusion in the event that all products under HTS number 7207.20.0045 are deemed to be part of the investigation.

[2] American also imports Versa-Bar with a circular cross section under HTS number 7207.20.0075. Because these products fall under a HTS number classified as "Carbon and Alloy Long Products" in this investigation, and the International Trade Commission made a negative injury finding with respect to semi-finished carbon and alloy long products, Versa-Bar of a circular cross-section is not discussed in further detail in this Request for Exclusion.

[3] Letter from Ambassador Robert B. Zoellick, United States Trade Representative, to Steven Koplan, International Trade Commission Chairman, dated June 22, 2001, requesting the institution of this investigation, Annex I.

[4] Although carbon content alone is sufficient to distinguish Versa-Bar from steel products (steel products contain no more than 2.0 percent carbon), complete chemical specifications and production diagrams are attached as Exhibit 1.

Basis For Requesting An Exclusion

American requests the exclusion of Versa-Bar because Versa-Bar is not steel. It merely enters the United States under an HTS classification that includes semi-finished steel products. Versa-Bar is fundamentally different from any of the steel products subject to this investigation. Steel products, as a general matter, contain 2.0 percent or less of carbon and are usefully malleable.[5] Versa-Bar, however, contains 2.9 percent to 3.7 percent carbon and is not malleable. The United States Customs Service has included Versa-Bar under an HTS classification that includes semi-finished steel slabs, but this classification is over-inclusive. It includes both semi-finished non-alloy steel products and semi-finished iron products, without regard to the core differences between the two products.

Semi-finished iron products such as Versa-Bar are not produced by any of the numerous domestic steel producers that have requested relief or entered appearances in this investigation. Versa-Bar can be distinguished in both its chemical composition and production process from the steel products that have been discussed in written submissions and oral testimony before the Commission.

The domestic producers appearing before the Commission produce only steel containing less than 2.0 percent carbon. The vast majority of the products produced by these companies contain less than 1 percent carbon. Versa-Bar, in contrast, contains 2.9 to 3.7 percent carbon. The only domestic producer of iron products similar to Versa-Bar is Wells Manufacturing of Woodstock, Illinois ("Wells"). Wells produces a product called Dura-Bar, which competes with Versa-Bar. Because it does not produce *steel* products, however, Wells has not entered an appearance in this investigation. The absence from this investigation of Wells, the only domestic producer, is proof that the domestic semi-finished iron products industry is not part of the "domestic industry" intended to benefit from any relief imposed by the President.

As the only domestic producer, Wells will hold a monopoly in the semi-finished iron market if these products are included in relief. American's customers rely on it to keep the market competitive, and would be greatly injured if competition were eliminated through import restrictions.

Further, semi-finished steel is produced in a different manner than semi-finished iron products such as Versa-Bar. Versa-Bar is produced by continuously casting molten iron through a water-cooled graphite die horizontally as shown in Exhibit 1. It is American's understanding that steel slab is produced by mechanically forming the steel through a series of rollers as it is fed through the casting process vertically by the form of gravity. Iron cannot be cast in this manner because it lacks the malleability of steel. Thus, domestic steel producers do not have the ability to produces products similar to Versa-Bar, nor did the domestic producers express any intention

[5] Harmonized Tariff Schedule of the United States, Introductory note (d) to Chapter 72, Iron and Steel.

or desire to acquire such a capability in the adjustment plans that they submitted to the Commission.

Finally, in arguing that it has been injured by imports of slab at declining prices, the domestic industry notes that "the world price of slab, which was over $200 a short time, just three or four years ago, is now below $150 a metric ton."[6] Versa-Bar, on the other hand, was imported at an average price of $[1,500] in 2000.[7] With a sale price of nearly [X] times that of imported steel slab, Versa-Bar is obviously not among the imported products referenced by the domestic steel industry as injurious. Accordingly, Versa-Bar should be excluded from relief.

While semi-finished iron and steel products are both included under HTS Heading 7207, these products are easily distinguishable. An exclusion could easily be crafted that would not detract from the any relief imposed against steel products. All semi-finished products under HTS Heading 7207 containing more than 2.0 percent carbon should be excluded from relief. Such an exclusion would not exclude any steel products. It would only exclude iron products classified under the same HTS Heading as semi-finished steel products.

Other Producers

Wells is the only other domestic manufacturer. American estimates that Wells produces roughly 6,000 tons annually. Tupy Fundicoes is the only known foreign producer that exports to the United States. Other foreign producers known to American are United Cast Bar of England and Flowcast of Australia.

Domestic consumption

American estimates total domestic consumption of semi-finished iron bar to be approximately 7,500 short tons annually (throughout the 1996-2000 period, and project 2001-2005), at a price of approximately $12,500,000. American's estimate is a rough approximation based on its own sales and its estimated market share.

Domestic Production

Wells Mfg. of Woodstock, Illinois, producers Dura-Bar, a product similar to Versa-Bar.

Domestic Substitutes

There are no domestically produces substitutes for gray and ductile semi-finished iron bar products.

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[6] Testimony of Roger Schagrin before the International Trade Commission, Certain Steel Products, Inv. No. 201-73 (Remedy Phase), November 6, 2001, Tr. at 196.

[7] American imported [1,800] short tons of Versa-Bar, at a price of $[2,750,000], in 2000.

II. CONCLUSION

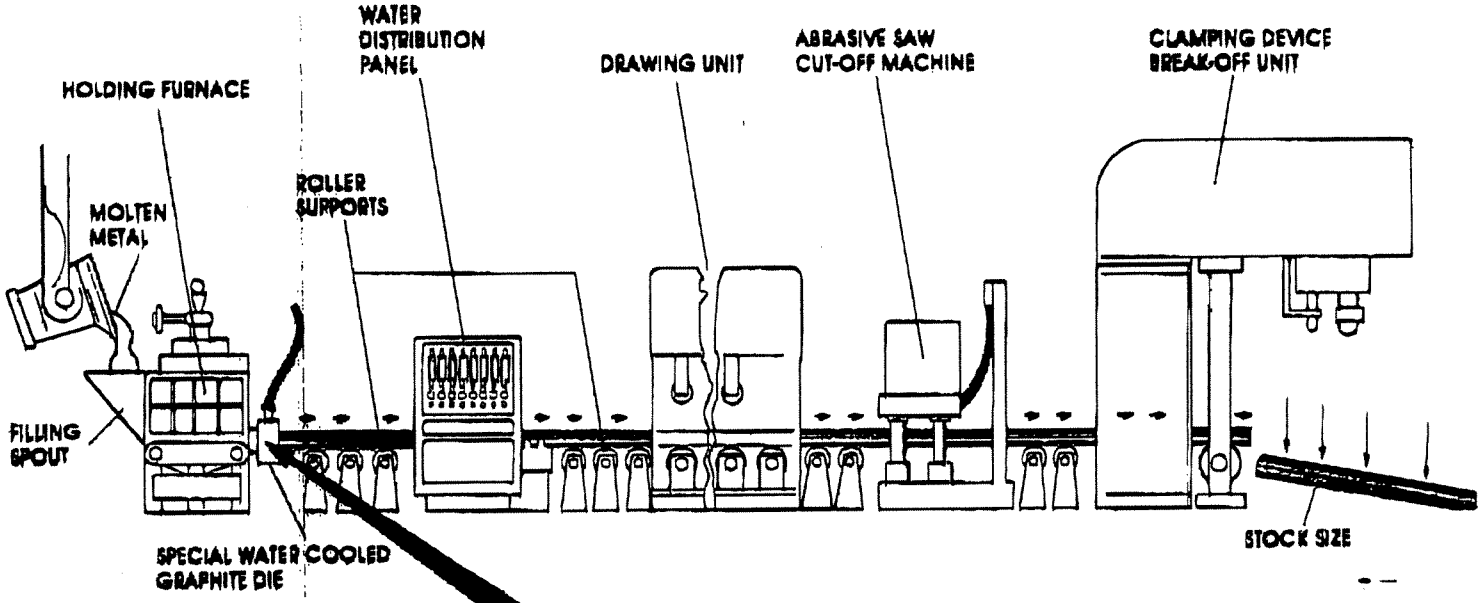
For the reasons stated herein, Versa-Bar products imported by American should be excluded from Section 201 relief.

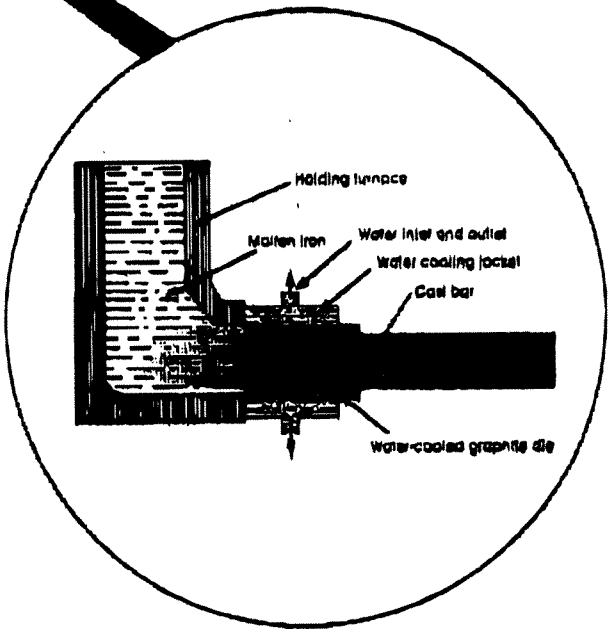
Respectfully submitted,

William Silverman
Richard P. Ferrin
James R. Simoes
Hunton & Williams
Counsel to American Iron & Alloys Corporation

EXHIBIT I

VERSA-BAR®





AMERICAN IRON & ALLOYS
CORPORATION

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Out of state 800-544-4800
Wisconsin (414) 544-4800
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AMERICAN IRON & ALLOYS CORPORATION

VERSA-BAR® SPECIFICATIONS

GRADE DESIGNATION

V-2 Highly Pearlitic (40,000 psi Gray Iron)

MICROSTRUCTURE: The bars shall conform to Microstructural Requirements described below.

SURFACE ZONE - This is the outer zone shown in figure 1, below. This matrix microstructure shall consist of at least 95% ferrite, balance medium to fine pearlite. The graphitic portion of the microstructure shall consist of at least 80% Type D flake graphite. The balance, not to exceed 20%, may be flake graphite Types A, B, C, or E. Target: .0625 inch in depth.

TRANSITION ZONE - This is the intermediate zone shown in Figure 1, below. The matrix microstructure shall consist of at least 95% Ferrite near the surface zone to at least 95% medium to fine Pearlite, near the bullseye zone. The graphitic portion shall be the same as that described for the surface zone. This zone shall be kept at an absolute minimum.

BULL'S-EYE (CENTER) ZONE - This is the center zone shown in Figure 1, below. The matrix microstructure shall consist of at least 95% medium to fine Pearlite, balance Ferrite. The graphitic portion of the microstructure shall consist of at least 90% Type A flake graphite. The balance, not to exceed 10%, may be flake graphite Types B to E. The bar shall not contain over 5% well dispersed fine alloy carbides.

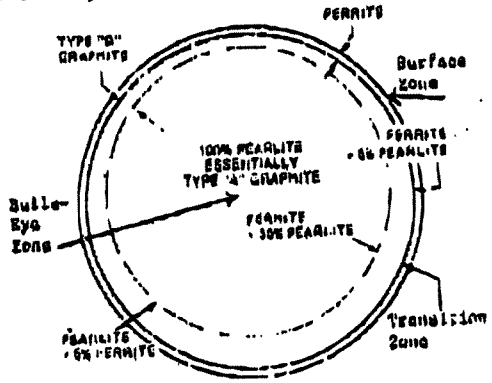


Figure 1

A. Test Requirements

1. The microstructure shall be evaluated at three locations on each specimen, in the center of the Bull's-Eye Zone, a cross-section of the Transition Zone and a cross-section of the Surface Zone. The microstructures thus determined shall conform to the requirements previously specified.

   A. Test frequency on bars 4 inches (102mm) and under in size, the microstructure shall be evaluated on specimens taken from bars that represent the start, middle and finish of each lot (or run). On bars over 4 inches (102 mm) in size, the microstructure shall be evaluated on specimens taken from bars that represent the start and finish on each lot (or run). A lot (or run) is defined as all bars of the same size and grade cast for each order. If the microstructural evaluations from each specimen meet the specified requirements, the bars from that lot shall be acceptable for microstructure. If all specimens have a microstructural evaluation that does not meet the specified requirements, the bars from that lot shall be rejected for microstructure. If one or two specimens have microstructural evaluations that do not meet the specified requirements, that portion (or those portions) of the lot shall be rejected for microstructure. Further microstructural evaluations may be made on the rejected bars to determine at which point the material ceases to meet the microstructural requirements. Bars cast before or after this point shall be acceptable for microstructure. A copy of all tests will be forwarded to American Iron & Alloys Corporation.

CHEMICAL COMPOSITION: It is the intent of this specification to subordinate Composition to hardness, microstructural and tensile properties. The use of alloying elements to achieve the desired properties is permitted. A typical analysis range for total carbon, silicon and manganese is shown below. Other elements may be present as required, to produce the desired properties.

Total Carbon	2.9/3.7%
Silicon	1.6/2.7%
Manganese	0.5/0.8%

VERSA BAR SPECIFICATIONS

GRADE DESIGNATION

V-4 Partially Pearlitic (80-55-06 Ductile Iron)

MICROSTRUCTURE:

A. Graphite

The microstructure of the As Cast bar will contain approximately 50% pearlite with 90% minimum Type I and Type II graphite.

B. Matrix

The matrix will contain less than 5% free, well dispersed carbides.

CHEMICAL COMPOSITION:

A. The chemical analysis is subordinate to the mechanical properties. Typical analysis will be:

C	3.6 - 3.9
Si	2.3 - 2.8
Mn	0.1 - 0.4
Others	As required to produce microstructure and physical properties

PHYSICAL PROPERTIES: (In accordance with ASTM A-536)

A. The 80,000 psi tensile strength will be determined from a 1.2" diameter test bar taken from the mid radius of the As Cast bar. See figure 1 for variations that will be found dependent upon the bar diameter.

B. The 55,000 psi yield strength will be determined the same as the tensile strength. See figure 1 for variations in bar diameter.

C. The 6% elongation will be determined the same as the tensile strength. See figure 2 for variations in bar diameter.

VERSA BAR SPECIFICATIONS

GRADE DESIGNATION

V-3 Essentially Ferrite (65-45-12 Ductile Iron)

MICROSTRUCTURE:

A. Graphite

The microstructure of the As Cast bar will be essentially ferritic with 90% minimum Type I and Type II graphite.

B. Matrix

The matrix will contain some pearlite and less than 5% well dispersed carbides. In bars over 2 inches diameter, the pearlite content will range up to 25%.

CHEMICAL COMPOSITION:

A. The chemical analysis is subordinate to the mechanical properties. Typical analysis will be:

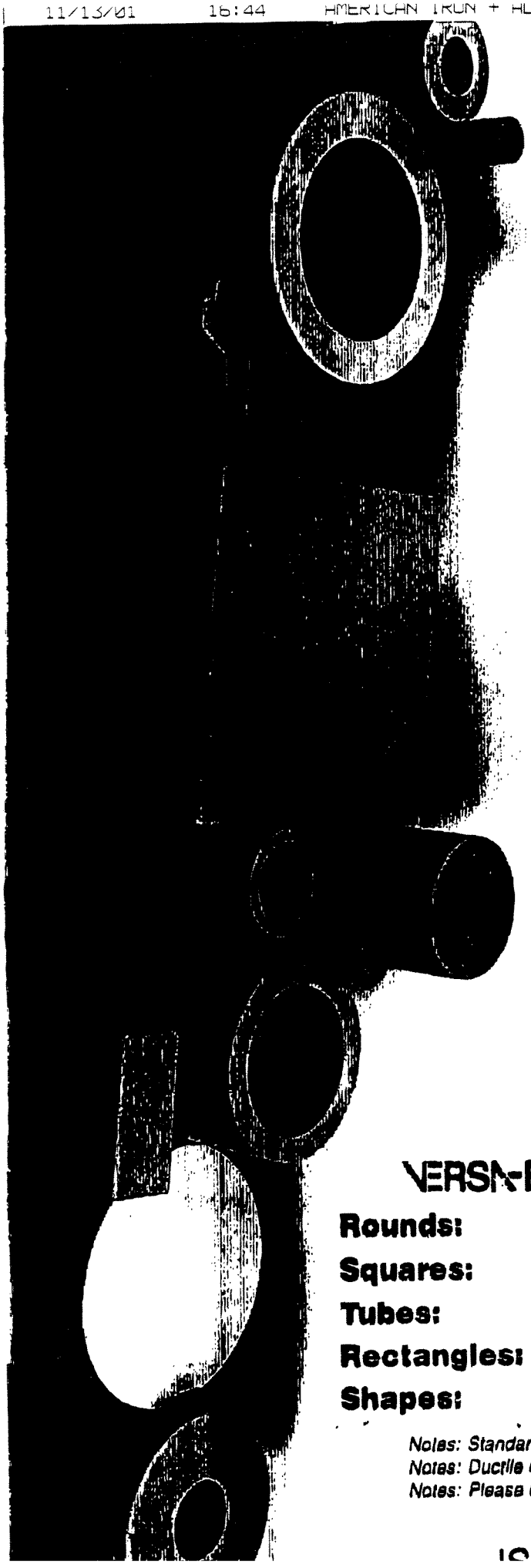
C	3.6 - 3.9
Si	2.3 - 2.8
Mn	0.1 - 0.4
Others	As required to produce microstructure and physical properties

PHYSICAL PROPERTIES: (In accordance with ASTM A-536)

A. The 65,000 psi tensile strength will be determined from a 1.2" diameter test bar taken from the mid radius of the As Cast bar. See figure 1 for variations that will be found dependent upon the bar diameter.

B. The 45,000 psi yield strength will be determined the same as the tensile strength. See figure 1 for variations in bar diameter.

C. The 12% elongation will be determined the same as the tensile strength. See figure 2 for variations in bar diameter.



VERSA-BAR®

the material of choice in a wide field of applications.

VERSA-BAR continuous cast gray and ductile iron is a *metallurgically superior* product, compared to conventional sand cast iron. The unique production process of continuously casting the molten iron through a water cooled graphite die yields a fine-grain microstructure. This tightly controlled molding process makes for a consistently uniform metal. VERSA-BAR is free of the typical closed mold types of defects, such as porosity caused by shrinkage and trapped gases.

LOWER COSTS are generated when VERSA-BAR is used. Unlike other castings there are no tooling charges. You are able to use what you buy, because scrap generated from foundry defects are virtually eliminated. The unique microstructure offers a consistently sound and uniform material which, along with the well dispersed graphite in VERSA-BAR, improves machining rates and increases your tool life. This results in a lower per part machining cost. Not only will this hold true compared to sand cast iron, but you can also find improved economy by substituting VERSA-BAR for other higher priced or harder machining materials.

PERFORMANCE is also improved by the metallurgical make-up of VERSA-BAR. The high graphite content is a natural self-lubricant. Plus, the tiny recesses in the flakes or spheres of graphite retain the addition of other lubricants. Therefore, your parts wear longer. Whether you're looking for high tensile strengths, bearing strengths or wear strengths, there is a VERSA-BAR grade to meet most physical requirements.

VERSA-BAR® SHAPES AND SIZES

Rounds:	.625" - 18.000" Dia.
Squares:	1.250" SQ - 12.250" SQ. (Larger upon request.)
Tubes:	Stock and custom I.D.s with O.D.s up to 18.000".
Rectangles:	Stock and custom cut available up to 7"x16"x72".
Shapes:	Custom cast to your design.

Notes: Standard lengths 72". (Longer lengths available up to 144" upon request.)
Notes: Ductile rounds start at 1.500" Dia.
Notes: Please refer to our stock list for specific production sizes available.

ISO 9002 CERTIFIED

VERSA-BAR® PROPERTIES, STANDARD GRADES V-2, V-3, & V-4

GRAY IRON PROPERTIES	VERSA-BAR (40,000 PSI) V-2
Tensile Strength	40,000 psi
Compressive Strength	150,000 psi
Transverse Strength: Average lbs. load on 1.2" dia. bar on 18" span	4,000 psi
Deflection - Inches	0.25/0.94
Brinell Hardness Range	185/285
Microstructure, As Cast	Essentially pearlitic
Heat Treatment	Can be oil-quench hardened from 1575°F to obtain Rockwell C-50 min. surface hardness
Machinability	Very Good
ASTM Specification	A 48 (Class 40)

DUCTILE IRON PROPERTIES	VERSA-BAR (65-45-12) V-3	VERSA-BAR (80-55-06) V-4
Tensile Strength	65,000 psi	80,000 psi
Yield Strength	45,000 psi	55,000 psi
Elongation, %	12%	6%
Brinell Hardness Range	131/220	187/269
Microstructure, As Cast	Ferritic	Pearlitic
Machinability	Very Good	Good
Heat Treatment	Full Anneal or Normalize	Normalize or Oil Quench and Tempered
ASTM Specification	A-536	A-536

NOTE: Heat treatment available for higher grades.
NOTE: Actual test results will vary; see Versa-Bar Specifications.

VERSA-BAR DESIGNATION

V-1A	Glass Mold Iron
V-1	30,000 psi Gray Iron
V-2	40,000 psi Gray Iron
V-3	65-46-12 Ductile Iron
V-4	80-55-06 Ductile Iron
V-5	100-70-03 Ductile Iron
V-6	35,000 psi Gray Iron

PRE-MACHINING CAPABILITIES

In addition to its commitment to maintain large ready-to-ship inventories of a wide range of Versa-Bar products, American Iron & Alloys has expanded its finishing operations to offer cost effective alternatives to our standard as-cast bar products. Pre-machining services include:

- Centerless grinding up to 4.500" Diameter
- Rough turned bars up to18.000" Diameter
- Deep hole drilling and boring, 72" length maximum. Width I.D.'s up to 8.500". (Larger I.D.'s available in shorter lengths.)
- Cut to length, production and short runs.
- Plate cutting.